

**Attachment B**  
**2005 Energy Report**  
**Electricity Price Projection Issues**  
**Energy Commission Staff 8/26/2004**

Staff has developed a proposed set of forms and instructions for load-serving entities (LSEs) to provide electricity price projections and appropriate background documentation. Staff's proposal targets all LSEs with a load greater than 200 megawatts (MW), including investor-owned utilities, municipal utilities, irrigation districts, community choice aggregators and other electricity service providers. This information is needed for the analysis of historic and future price and demand trends that is the foundational element for developing sound assessments and policy recommendations. The adopted price forecast, or range of price forecasts, will be used as inputs to the demand forecast which provide a foundation for the analysis and recommendations of the *2005 Energy Report*, including resource assessment and analysis of progress towards energy efficiency, demand response and renewable energy goals. The forecasts will also serve as a reference case in the California Public Utilities Commission (CPUC) 2006 procurement plan proceeding. Energy Commission demand and supply assessments are also used in the California Gas Report.

The following questions are provided to focus discussion at the workshop on key issues that the Committee will need to address in its order establishing final data submission requirements and schedules. The Committee also invites parties to comment on the appropriate methods and analyses that are needed to provide support for key energy policy questions in the *2005 Energy Report* process.

**A. Data Collection and Review Issues**

1. The Staff proposal would require investor-owned utilities, municipal utilities, irrigation districts, community choice aggregators, and energy service providers to provide price projections and related documentation. Is this the correct set of entities that should be required to provide electricity price projections and appropriate background documentation to the Energy Commission for the 2005 *Energy Report*?
2. Is staff's proposed 10-year timeframe sufficient for use in the trend assessment and market performance evaluation context that Public Resources Code, sections 25300-25323 establishes for the *Energy Report*?
3. Some LSEs have captive customer bases while others compete for a share of the retail market. This difference results in very different perspectives on forecasting future load the LSEs will service. How can the *Energy Report* review of LSE price projections address the wide range of perspectives among LSEs?
4. What level of disaggregation of price projections would improve the usability of these prices for assessment of energy efficiency, demand response, distributed generation, solar photovoltaic and other preferred resource types where customer cost-effectiveness is a critical factor?

5. Are separate forms specific to investor owned utilities, municipal and other public utilities, and energy service providers, with different levels of detail, the most practical way to address the differences among these LSEs?
6. Should energy service provider's price projections be treated as confidential, trade secret data for some customer classes?

**B. Substantive Price Projection Issues**

1. What are the key regulatory and market uncertainties affecting the actual prices that each LSE will offer its customers through a 10-year time horizon?
2. What is the best way to address the quantitative significance of these market and legal/regulatory uncertainties for retail prices?
3. To what extent will existing price differentials among LSEs be persistent through time, or will some degree of convergence take place?
4. Are price differentials among LSEs sufficient to motivate different degrees of economic development over the long term?